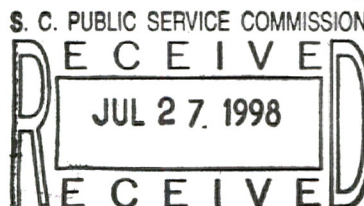


Caroline N. Watson  
General Counsel-South Carolina



Suite 821  
1600 Hampton Street  
Columbia, South Carolina 29201  
803 748-8700  
Fax: 803 254-1731

July 24, 1998

Mr. Charles W. Ballentine  
Executive Director  
South Carolina Public Service Commission  
111 Doctors Circle  
Post Office Box 11649  
Columbia, South Carolina 29211



Re: Petition of BellSouth Telecommunications, Inc. for the  
Establishment of a Wholesale Discount for Contract  
Service Arrangements  
Docket No.: 98-378-C

Dear Mr. Ballentine:

Please find enclosed for filing an original and eleven copies of the Petition of BellSouth Telecommunications, Inc. for the Establishment of a Wholesale Discount for Contract Service Arrangements. I would appreciate it if you would stamp the additional copy of the petition and return the same to our courier. If you have any questions or comments or if you need any additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "CN Watson".

Caroline N. Watson

CNW/nml

Enclosures

**POSTED**  
MR 7/28/98

**ACCEPTED**  
Legal *Huber 7/27/98*

S. C. PUBLIC SERVICE COMMISSION  
**RECEIVED**  
JUL 27 1998  
**RECEIVED**  
*Hand delivered MR*

BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NO. 98-378-C

IN RE:

Petition of BellSouth )  
Telecommunications, Inc. for )  
the Establishment of a )  
Wholesale Discount for )  
Contract Service Arrangements. )  
\_\_\_\_\_ )

S. C. PUBLIC SERVICE COMMISSION  
**RECEIVED**  
JUL 29 1998  
PETITION  
**RECEIVED**  
UTILITIES DEPARTMENT

Petitioner BellSouth Telecommunications, Inc., (BST), pursuant to 26 S.C. Code Ann. Regs. 103-836 (1976), and other applicable provisions of law, hereby petitions the Public Service Commission of South Carolina (Commission) to open a proceeding to establish a wholesale discount rate for BST's contract service arrangements (CSAs), and to establish reasonable and nondiscriminatory limitations on the resale of BST's CSAs by competing local exchange carriers (CLECs). In support of its petition, BST submits the following:

1. The name and address of the Petitioner are:

BellSouth Telecommunications, Inc.  
Suite 821 - 1600 Hampton Street  
Columbia, South Carolina 29201

2. Correspondence regarding this petition should be directed to:

Caroline N. Watson, Esquire  
1600 Hampton Street  
Suite 821  
Columbia, SC 29201  
(803) 748-8700

3. BST is a corporation formed and existing under the laws of the State of Georgia, and is a wholly owned subsidiary of BellSouth Corporation (BellSouth). BST provides local exchange services, intraLATA toll, and other services within our authorized service territory in the State of South Carolina subject to the jurisdiction of the Commission. BST's certificate of incorporation has been previously filed with the Commission.

4. A CSA is a contract that BST has negotiated with a specific customer in response to a competitive situation. CSAs typically contain terms, conditions, and rates that are more favorable than those found in BST's tariffs. CSAs give BST the pricing flexibility necessary to compete with other providers of these services. All CSAs must be approved by the Commission.

5. In proceedings arising under the Telecommunications Act of 1996 (1996 Act), the Commission has determined that BST must make CSAs available for resale but does not need to discount the price for CSAs--since the rates contained in CSAs have already been discounted from the tariffed rates. Specifically, the Commission has ruled that its position on the resale of CSAs is a reasonable and nondiscriminatory

limitation on resale under the 1996 Act. 47 U.S.C. § 251(c)(4)(B).

6. BST agrees that the Commission's treatment of CSAs is a reasonable, nondiscriminatory, and narrowly tailored limitation on resale and fully comports with the 1996 Act. However, it is equally clear that the Federal Communications Commission will not approve BST's application for interLATA relief in South Carolina under the 1996 Act unless BST agrees to the resale of CSAs at a discount. BST believes that its provision of interLATA toll services in South Carolina will provide a significant and important benefit to the citizens of South Carolina. As a consequence, BST has determined it is willing to go voluntarily beyond what the law requires and to allow the resale at a discount of CSAs in South Carolina. Since CSAs are already discounted, however, it is clear that the currently authorized "avoided cost" discount would overstate the "avoided costs" associated with the resale of CSAs, and therefore a new and specific discount for CSAs must be established.

7. Accordingly, BST requests this Commission to open a proceeding to establish, inter alia, the appropriate discount for CSAs, and reasonable and nondiscriminatory limitations on the ability of CLECs to resell a CSA to a customer different from the one for whom the CSA was specifically developed.

WHEREFORE, for the reasons stated above, BST respectfully requests for the Commission to ~~take~~ a proceeding to establish a CSA specific discount, and to establish reasonable and nondiscriminatory limitations on resell by a CLEC of a BST developed CSA, and such other relief as the Commission deems just and proper.

Respectfully submitted,

*Caroline Watson*  
*by Robert L. Lujan*

CAROLINE N. WATSON  
Suite 821  
1600 Hampton Street  
Columbia, South Carolina 29201  
(803) 253-5953

GENERAL COUNSEL -- SOUTH CAROLINA  
BELLSOUTH TELECOMMUNICATIONS, INC.

July 27, 1998